

## ***CE Delft summary***

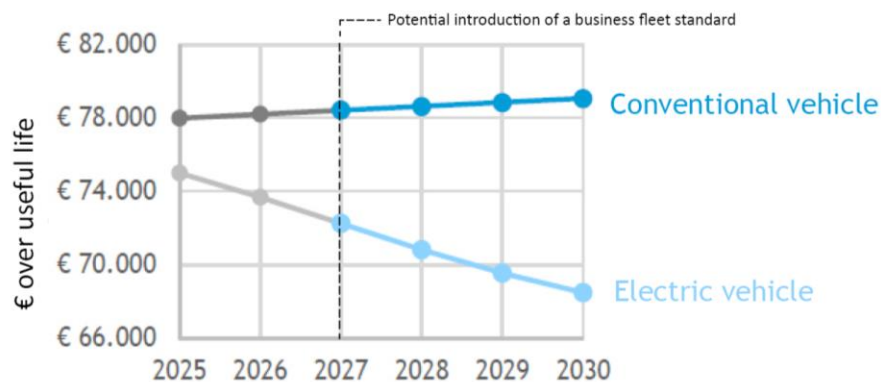
*Zero-emission fleet standard for company car is an effective climate measure.*


The introduction of a zero-emission fleet standard for employers, whereby all new company cars are emission free, could make an important contribution to accelerating mobility's CO<sub>2</sub> reduction in the Netherlands. When this fleet standard is introduced in 2027, the electric company car share can increase from circa 57 to 66% in 2030. We estimate that, in 2030 alone, this will already lead to a CO<sub>2</sub> reduction of 0.7 Mton per year, while the expected cumulative reduction over 2027-2030 will be around 2.0 Mton. These emission reductions do not consider the fact that many these cars will end up in the second-hand market, which will ultimately also lead to a larger supply of electric cars (and thus less CO<sub>2</sub> emissions). However, these effects will mainly manifest themselves in the period after 2030.

*Little to no additional costs to the employer*

A zero-emission company car fleet standard is not expected to increase costs to many employers. In many situations the Total Cost of Ownership (TCO) of an electric car, will already be more favourable than a conventional car, from 2025 onwards. (See Image 1). In this case we did not only look at the purchase price of an electric car, but especially also at the usage costs (energy costs, maintenance, insurance, etc.). Even though after 2025, the purchase price of electric cars will often still be higher than that of conventional cars, the lower usage costs ensure that the electric company car's TCO is often lower than that of a conventional car. For employer owned company cars we have assumed this will directly lead to lower employer costs. We also assume that these lower costs translate to lower lease rates for lease cars (that are owned by lease companies) and thus lead to lower employer costs. Clear differences do exist between big and small cars. (See Image 1). For C and D segment company cars the TCO of electric cars is positive on average. However, for smaller company cars this is not always the case due to, among others, a more limited supply of small electric cars (because of which the price differences with conventional cars remain relatively big) and the generally lower average yearly mileage for those cars. For example, in the B-segment, electric cars will on average only achieve a more positive TCO after 2026 compared to conventional cars. A-segment electric cars' TCO will even often remain unfavourable compared to a conventional car until 2030 and thus also until after the possible 2027 introduction of the fleet standard. However, in 2022 only 6% of the company cars fell in the A-segment.

## Total five year company car cost



Total Cost of Ownership (TCO) company cars (weighted average segments B-C-D) over useful life (5 years) in euros. 

### Image 1

*However, a fleet standard will lead to higher costs for many employees*

Because the purchase price of electric cars will often remain higher compared to conventional cars until 2030, employees will pay a higher surcharge for the electric car. Abolishing the lower surcharge percentages for electric cars from 2026 contributes significantly to this. Only in the D-segment is the surcharge of the average electric car lower compared to a conventional car, which can be explained by the relatively low purchase prices in this segment (because of the large supply of electric car models). As a result, the zero-emission fleet standard for company cars, without additional policy development, will lead to higher costs for a large part of the employees. The government could accommodate these higher costs for employees by adjusting the surcharge. For example, the reduces surcharge for electric cars could be partially maintained after 2025 to compensate for the higher purchase price of these cars.